

106TH CONGRESS
2^D SESSION

H. R.

IN THE HOUSE OF REPRESENTATIVES

Mr. STARK introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2001.

1 *Be it enacted by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; FIND-**
4 **INGS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “MediKids Health Insurance Act of 2000”.

7 (b) TABLE OF CONTENTS.—The table of contents of this
8 Act is as follows:

Sec. 1. Short title; table of contents; findings.

Sec. 2. Benefits for all children born after 2001.

“TITLE XXII—MEDIKIDS PROGRAM

“Sec. 2201. Eligibility.

“Sec. 2202. Benefits.

“Sec. 2203. Premiums.

“Sec. 2204. MediKids Trust Fund.

“Sec. 2205. Oversight and accountability.

“Sec. 2206. Addition of care coordination services.

“Sec. 2207. Administration and miscellaneous.

Sec. 3. MediKids premium.

Sec. 4. Refundable credit for cost-sharing expenses under MediKids program.

Sec. 5. Financing from tobacco liability payments.

Sec. 6. Report on long-term revenues.

1 (c) FINDINGS.—Congress finds the following:

2 (1) More than 11 million American children are
3 uninsured.

4 (2) Children who are uninsured receive less
5 medical care and less preventive care and have a
6 poorer level of health, which result in lifetime costs
7 to themselves and to the entire American economy.

8 (3) Although SCHIP and Medicaid are success-
9 fully extending a health coverage safety net to a
10 growing portion of the vulnerable low-income popu-
11 lation of uninsured children, we now see that they
12 alone cannot achieve 100 percent health insurance
13 coverage for our nation’s children due to inevitable
14 gaps during outreach and enrollment, fluctuations in
15 eligibility, and variations in access to private insur-
16 ance at all income levels.

17 (4) As all segments of our society continue to
18 become more and more transient, with many
19 changes in employment over the working lifetime of
20 parents, the need for a reliable safety net of health
21 insurance which follows children across State lines,

1 already a major problem for the children of migrant
2 and seasonal farmworkers, will become a major con-
3 cern for all families in the United States.

4 (5) The Medicare program has successfully
5 evolved over the years to provide a stable, universal
6 source of health insurance for the nation's disabled
7 and those over age 65, and therefore provides a test-
8 ed model for designing a program to reach out to
9 America's children

10 (6) The problem of insuring 100 percent of all
11 American children could be gradually solved by auto-
12 matically enrolling all children born after December
13 31, 2001, in a program modeled after Medicare (and
14 to be known as "MediKids"), and allowing those
15 children to be transferred into other equivalent or
16 better insurance programs, including either private
17 insurance, SCHIP, or Medicaid, if they are eligible
18 to do so, but maintaining the child's default enroll-
19 ment in MediKids for any times when the child's ac-
20 cess to other sources of insurance is lost.

21 (7) A family's freedom of choice to use other in-
22 surers to cover children would not be interfered with
23 in any way, and children eligible for SCHIP and
24 Medicaid would continue to be enrolled in those pro-
25 grams, but the underlying safety net of MediKids

1 would always be available to cover any gaps in insur-
2 ance due to changes in medical condition, employ-
3 ment, income, or marital status, or other changes af-
4 fecting a child's access to alternate forms of insur-
5 ance.

6 (8) The MediKids program can be administered
7 without impacting the finances or status of the exist-
8 ing Medicare program.

9 (9) The MediKids benefit package can be tai-
10 lored to the special needs of children and updated
11 over time.

12 (10) The financing of the program can be ad-
13 ministered without difficulty by a yearly payment of
14 affordable premiums through a family's tax filing (or
15 adjustment of a family's earned income tax credit).

16 (11) The cost of the program will gradually rise
17 as the number of children using MediKids as the in-
18 surer of last resort increases, and a future Congress
19 always can accelerate or slow down the enrollment
20 process as desired, while the societal costs for emer-
21 gency room usage, lost productivity and work days,
22 and poor health status for the next generation of
23 Americans will decline.

24 (12) Over time 100 percent of American chil-
25 dren will always have basic health insurance, and we

1 can therefore expect a healthier, more equitable, and
2 more productive society.

3 **SEC. 2. BENEFITS FOR ALL CHILDREN BORN AFTER 2001.**

4 (a) IN GENERAL.—The Social Security Act is amend-
5 ed by adding at the end the following new title:

6 “TITLE XXII—MEDIKIDS PROGRAM

7 “SEC. 2201. ELIGIBILITY.

8 “(a) ELIGIBILITY OF INDIVIDUALS BORN AFTER DE-
9 CEMBER 31, 2001.—An individual who meets the fol-
10 lowing requirements with respect to a month is eligible to
11 enroll under this title with respect to such month:

12 “(1) AGE.—The individual is born after Decem-
13 ber 31, 2001, and has not attained 23 years of age.

14 “(2) CITIZENSHIP.—The individual is a citizen
15 or national of the United States or is permanently
16 residing in the United States under color of law.

17 “(b) ENROLLMENT PROCESS.—An individual may
18 enroll in the program established under this title only in
19 such manner and form as may be prescribed by regula-
20 tions, and only during an enrollment period prescribed by
21 the Secretary consistent with the provisions of this section.

22 Such regulations shall provide a process under which—

23 “(1) individuals who are born in the United
24 States after December 31, 2001, are deemed to be
25 enrolled at the time of birth and a parent or guard-

1 ian of such an individual is permitted to pre-enroll
2 in the month prior to the expected month of birth;

3 “(2) individuals who are born outside the
4 United States after such date and who become eligi-
5 ble to enroll by virtue of immigration into (or an ad-
6 justment of immigration status in) the United
7 States are deemed enrolled at the time of entry or
8 adjustment of status;

9 “(3) eligible individuals may otherwise be en-
10 rolled at such other times and manner as the Sec-
11 retary shall specify, including the use of outstationed
12 eligibility sites as described in section
13 1902(a)(55)(A) and the use of presumptive eligi-
14 bility provisions like those described in section
15 1920A; and

16 “(4) at the time of automatic enrollment of a
17 child, the Secretary provides for issuance to a parent
18 or custodian of the individual a card evidencing cov-
19 erage under this title and for a description of such
20 coverage.

21 The provisions of section 1837(h) apply with respect to
22 enrollment under this title in the same manner as they
23 apply to enrollment under part B of title XVIII.

24 “(c) DATE COVERAGE BEGINS.—

1 “(1) IN GENERAL.—The period during which
2 an individual is entitled to benefits under this title
3 shall begin as follows, but in no case earlier than
4 January 1, 2002:

5 “(A) In the case of an individual who is
6 enrolled under paragraph (1) or (2) of sub-
7 section (b), the date of birth or date of obtain-
8 ing appropriate citizenship or immigration sta-
9 tus, as the case may be.

10 “(B) In the case of an another individual
11 who enrolls (including pre-enrolls) before the
12 month in which the individual satisfies eligi-
13 bility for enrollment under subsection (a), the
14 first day of such month of eligibility.

15 “(C) In the case of an another individual
16 who enrolls during or after the month in which
17 the individual first satisfies eligibility for enroll-
18 ment under such subsection, the first day of the
19 following month.

20 “(2) AUTHORITY TO PROVIDE FOR PARTIAL
21 MONTHS OF COVERAGE.—Under regulations, the
22 Secretary may, in the Secretary’s discretion, provide
23 for coverage periods that include portions of a
24 month in order to avoid lapses of coverage.

1 “(3) LIMITATION ON PAYMENTS.—No payments
2 may be made under this title with respect to the ex-
3 penses of an individual enrolled under this title un-
4 less such expenses were incurred by such individual
5 during a period which, with respect to the individual,
6 is a coverage period under this section.

7 “(d) EXPIRATION OF ELIGIBILITY.—An individual’s
8 coverage period under this part shall continue until the
9 individual’s enrollment has been terminated because the
10 individual no longer meets the requirements of subsection
11 (a) (whether because of age or change in immigration sta-
12 tus).

13 “(e) ENTITLEMENT TO MEDIKIDS BENEFITS FOR
14 ENROLLED INDIVIDUALS.—An individual enrolled under
15 this section is entitled to the benefits described in section
16 2202.

17 “(f) LOW-INCOME INFORMATION.—At the time of en-
18 rollment of a child under this title, the Secretary shall
19 make an inquiry as to whether or not the family income
20 of the family that includes the child is less than 150 per-
21 cent of the poverty line for a family of the size involved.
22 If the family income is below such level, the Secretary shall
23 encode in the identification card issued in connection with
24 eligibility under this title a code indicating such fact. The
25 Secretary also shall provide for a toll-free telephone line

1 at which providers can verify whether or not such a child
2 is in a family the income of which is below such level.

3 “(g) CONSTRUCTION.—Nothing in this title shall be
4 construed as requiring (or preventing) an individual who
5 is enrolled under this section from seeking medical assist-
6 ance under a State medicaid plan under title XIX or child
7 health assistance under a State child health plan under
8 title XXI.

9 “SEC. 2202. BENEFITS.

10 “(a) SECRETARIAL SPECIFICATION OF BENEFIT
11 PACKAGE.—

12 “(1) IN GENERAL.—The Secretary shall specify
13 the benefits to be made available under this title
14 consistent with the provisions of this section and in
15 a manner designed to meet the health needs of chil-
16 dren.

17 “(2) UPDATING.—The Secretary shall update
18 the specification of benefits over time to ensure the
19 inclusion of age-appropriate benefits as the enrollee
20 population gets older.

21 “(3) ANNUAL UPDATING.—The Secretary shall
22 establish procedures for the annual review and up-
23 dating of such benefits to account for changes in
24 medical practice, new information from medical re-

1 search, and other relevant developments in health
2 science.

3 “(4) INPUT.—The Secretary shall seek the
4 input of the pediatric community in specifying and
5 updating such benefits.

6 “(b) INCLUSION OF CERTAIN BENEFITS.—

7 “(1) MEDICARE CORE BENEFITS.—Such bene-
8 fits shall include (to the extent consistent with other
9 provisions of this section) at least the same benefits
10 (including coverage, access, availability, duration,
11 and beneficiary rights) that are available under
12 parts A and B of title XVIII.

13 “(2) ALL REQUIRED MEDICAID BENEFITS.—
14 Such benefits shall also include all items and serv-
15 ices for which medical assistance is required to be
16 provided under section 1902(a)(10)(A) to individuals
17 described in such section, including early and peri-
18 odic screening, diagnostic services, and treatment
19 services.

20 “(3) INCLUSION OF PRESCRIPTION DRUGS.—
21 Such benefits also shall include (as specified by the
22 Secretary) prescription drugs and biologicals.

23 “(4) COST-SHARING.—

24 “(A) IN GENERAL.—Subject to subpara-
25 graph (B), such benefits also shall include the

1 cost-sharing (in the form of deductibles, coin-
2 surance, and copayments) applicable under title
3 XVIII with respect to comparable items and
4 services, except that no cost-sharing shall be
5 imposed with respect to early and periodic
6 screening and diagnostic services included
7 under paragraph (2).

8 “(B) NO COST-SHARING FOR LOWEST IN-
9 COME CHILDREN.—Such benefits shall not in-
10 clude any cost-sharing for children in families
11 the income of which (as determined for pur-
12 poses of section 1905(p)) does not exceed 150
13 percent of the official income poverty line (re-
14 ferred to in such section) applicable to a family
15 of the size involved.

16 “(C) REFUNDABLE CREDIT FOR COST-
17 SHARING FOR OTHER LOW-INCOME CHIL-
18 DREN.—For a refundable credit for cost-shar-
19 ing in the case of children in certain families,
20 see section 35 of the Internal Revenue Code of
21 1986.

22 “(c) PAYMENT SCHEDULE.—The Secretary, with the
23 assistance of the Medicare Payment Advisory Commission,
24 shall develop and implement a payment schedule for bene-
25 fits covered under this title. To the extent feasible, such

1 payment schedule shall be consistent with comparable pay-
2 ment schedules and reimbursement methodologies applied
3 under parts A and B of title XVIII.

4 “(d) INPUT.—The Secretary shall specify such bene-
5 fits and payment schedules only after obtaining input from
6 appropriate child health providers and experts.

7 “(e) ENROLLMENT IN HEALTH PLANS.—The Sec-
8 retary shall provide for the offering of benefits under this
9 title through enrollment in a health benefit plan that
10 meets the same (or similar) requirements as the require-
11 ments that apply to Medicare+Choice plans under part
12 C of title XVIII. In the case of individuals enrolled under
13 this title in such a plan, the Medicare+Choice capitation
14 rate described in section 1853(c) shall be adjusted in an
15 appropriate manner to reflect differences between the pop-
16 ulation served under this title and the population under
17 title XVIII.

18 **“SEC. 2203. PREMIUMS.**

19 “(a) AMOUNT OF MONTHLY PREMIUMS.—

20 “(1) IN GENERAL.—The Secretary shall, during
21 September of each year (beginning with 2001), es-
22 tablish a monthly MediKids premium. Subject to
23 paragraph (2), the monthly MediKids premium for
24 a year is equal to $\frac{1}{12}$ of the annual premium rate
25 computed under subsection (b).

1 “(2) ELIMINATION OF MONTHLY PREMIUM FOR
2 DEMONSTRATION OF EQUIVALENT COVERAGE (IN-
3 CLUDING COVERAGE UNDER LOW-INCOME PRO-
4 GRAMS).—The amount of the monthly premium im-
5 posed under this section for an individual for a
6 month shall be zero in the case of an individual who
7 demonstrates to the satisfaction of the Secretary
8 that the individual has basic health insurance cov-
9 erage for that month the actuarial value of which,
10 as determined by the Secretary, is at least actuari-
11 ally equivalent to the benefits available under this
12 title. For purposes of the previous sentence enroll-
13 ment in a medicaid plan under title XIX, a State
14 child health insurance plan under title XXI, or
15 under the medicare program under title XVIII is
16 deemed to constitute basic health insurance coverage
17 described in such sentence.

18 “(b) ANNUAL PREMIUM.—

19 “(1) NATIONAL, PER CAPITA AVERAGE.—The
20 Secretary shall estimate the average, annual per
21 capita amount that would be payable under this title
22 with respect to individuals residing in the United
23 States who meet the requirement of section
24 2201(a)(1) as if all such individuals were eligible for
25 (and enrolled) under this title during the entire year

1 (and assuming that section 1862(b)(2)(A)(i) did not
2 apply).

3 “(2) ANNUAL PREMIUM.—Subject to subsection
4 (d), the annual premium under this subsection for
5 months in a year is equal to the average, annual per
6 capita amount estimated under paragraph (1) for
7 the year.

8 “(c) PAYMENT OF MONTHLY PREMIUM.—

9 “(1) PERIOD OF PAYMENT.—In the case of an
10 individual who participates in the program estab-
11 lished by this title, subject to subsection (d), the
12 monthly premium shall be payable for the period
13 commencing with the first month of the individual’s
14 coverage period and ending with the month in which
15 the individual’s coverage under this title terminates.

16 “(2) COLLECTION THROUGH TAX RETURN.—
17 For provisions providing for the payment of monthly
18 premiums under this subsection, see section 59B of
19 the Internal Revenue Code of 1986.

20 “(3) PROTECTIONS AGAINST FRAUD AND
21 ABUSE.—The Secretary shall develop, in coordina-
22 tion with States and other health insurance issuers,
23 administrative systems to ensure that claims which
24 are submitted to more than one payor are coordi-
25 nated and duplicate payments are not made.

1 “(d) REDUCTION IN PREMIUM FOR CERTAIN LOW-
2 INCOME FAMILIES.—For provisions reducing the premium
3 under this section for certain low-income families, see sec-
4 tion 59B(c) of the Internal Revenue Code of 1986.

5 **“SEC. 2204. MEDIKIDS TRUST FUND.**

6 “(a) ESTABLISHMENT OF TRUST FUND.—

7 “(1) IN GENERAL.—There is hereby created on
8 the books of the Treasury of the United States a
9 trust fund to be known as the ‘MediKids Trust
10 Fund’ (in this section referred to as the ‘Trust
11 Fund’). The Trust Fund shall consist of such gifts
12 and bequests as may be made as provided in section
13 201(i)(1) and such amounts as may be deposited in,
14 or appropriated to, such fund as provided in this
15 title.

16 “(2) PREMIUMS.—Premiums collected under
17 section 2203 shall be transferred to the Trust Fund.

18 “(b) INCORPORATION OF PROVISIONS.—

19 “(1) IN GENERAL.—Subject to paragraph (2),
20 subsections (b) through (i) of section 1841 shall
21 apply with respect to the Trust Fund and this title
22 in the same manner as they apply with respect to
23 the Federal Supplementary Medical Insurance Trust
24 Fund and part B, respectively.

1 “(2) MISCELLANEOUS REFERENCES.—In apply-
2 ing provisions of section 1841 under paragraph
3 (1)—

4 “(A) any reference in such section to ‘this
5 part’ is construed to refer to title XXII;

6 “(B) any reference in section 1841(h) to
7 section 1840(d) and in section 1841(i) to sec-
8 tions 1840(b)(1) and 1842(g) are deemed ref-
9 erences to comparable authority exercised under
10 this title;

11 “(C) payments may be made under section
12 1841(g) to the Trust Funds under sections
13 1817 and 1841 as reimbursement to such funds
14 for payments they made for benefits provided
15 under this title; and

16 “(D) the Board of Trustees of the
17 MediKids Trust Fund shall be the same as the
18 Board of Trustees of the Federal Supple-
19 mentary Medical Insurance Trust Fund.

20 **“SEC. 2205. OVERSIGHT AND ACCOUNTABILITY.**

21 “(a) THROUGH ANNUAL REPORTS OF TRUSTEES.—
22 The Board of Trustees of the MediKids Trust Fund under
23 section 2204(b)(1) shall report on an annual basis to Con-
24 gress concerning the status of the Trust Fund and the
25 need for adjustments in the program under this title to

1 maintain financial solvency of the program under this
2 title.

3 “(b) PERIODIC GAO REPORTS.—The Comptroller
4 General of the United States shall periodically submit to
5 Congress reports on the adequacy of the financing of cov-
6 erage provided under this title. The Comptroller General
7 shall include in such report such recommendations for ad-
8 justments in such financing and coverage as the Comp-
9 troller General deems appropriate in order to maintain fi-
10 nancial solvency of the program under this title.

11 **“SEC. 2206. INCLUSION OF CARE COORDINATION SERVICES.**

12 “(a) IN GENERAL.—

13 “(1) PROGRAM AUTHORITY.—The Secretary,
14 beginning in 2002, may implement a care coordina-
15 tion services program in accordance with the provi-
16 sions of this section under which, in appropriate cir-
17 cumstances, eligible individuals may elect to have
18 health care services covered under this title managed
19 and coordinated by a designated care coordinator.

20 “(2) ADMINISTRATION BY CONTRACT.—The
21 Secretary may administer the program under this
22 section through a contract with an appropriate pro-
23 gram administrator.

24 “(3) COVERAGE.—Care coordination services
25 furnished in accordance with this section shall be

1 treated under this title as if they were included in
2 the definition of medical and other health services
3 under section 1861(s) and benefits shall be available
4 under this title with respect to such services without
5 the application of any deductible or coinsurance.

6 “(b) ELIGIBILITY CRITERIA; IDENTIFICATION AND
7 NOTIFICATION OF ELIGIBLE INDIVIDUALS.—

8 “(1) INDIVIDUAL ELIGIBILITY CRITERIA.—The
9 Secretary shall specify criteria to be used in making
10 a determination as to whether an individual may ap-
11 propriately be enrolled in the care coordination serv-
12 ices program under this section, which shall include
13 at least a finding by the Secretary that for cohorts
14 of individuals with characteristics identified by the
15 Secretary, professional management and coordina-
16 tion of care can reasonably be expected to improve
17 processes or outcomes of health care and to reduce
18 aggregate costs to the programs under this title.

19 “(2) PROCEDURES TO FACILITATE ENROLL-
20 MENT.—The Secretary shall develop and implement
21 procedures designed to facilitate enrollment of eligi-
22 ble individuals in the program under this section.

23 “(c) ENROLLMENT OF INDIVIDUALS.—

24 “(1) SECRETARY’S DETERMINATION OF ELIGI-
25 BILITY.—The Secretary shall determine the eligi-

1 bility for services under this section of individuals
2 who are enrolled in the program under this section
3 and who make application for such services in such
4 form and manner as the Secretary may prescribe.

5 “(2) ENROLLMENT PERIOD.—

6 “(A) EFFECTIVE DATE AND DURATION.—

7 Enrollment of an individual in the program
8 under this section shall be effective as of the
9 first day of the month following the month in
10 which the Secretary approves the individual’s
11 application under paragraph (1), shall remain
12 in effect for one month (or such longer period
13 as the Secretary may specify), and shall be
14 automatically renewed for additional periods,
15 unless terminated in accordance with such pro-
16 cedures as the Secretary shall establish by regu-
17 lation. Such procedures shall permit an indi-
18 vidual to disenroll for cause at any time and
19 without cause at re-enrollment intervals.

20 “(B) LIMITATION ON REENROLLMENT.—

21 The Secretary may establish limits on an indi-
22 vidual’s eligibility to reenroll in the program
23 under this section if the individual has
24 disenrolled from the program more than once
25 during a specified time period.

1 “(d) PROGRAM.—The care coordination services pro-
2 gram under this section shall include the following ele-
3 ments:

4 “(1) BASIC CARE COORDINATION SERVICES.—

5 “(A) IN GENERAL.—Subject to the cost-ef-
6 fectiveness criteria specified in subsection
7 (b)(1), except as otherwise provided in this sec-
8 tion, enrolled individuals shall receive services
9 described in section 1905(t)(1) and may receive
10 additional items and services as described in
11 subparagraph (B).

12 “(B) ADDITIONAL BENEFITS.—The Sec-
13 retary may specify additional benefits for which
14 payment would not otherwise be made under
15 this title that may be available to individuals
16 enrolled in the program under this section (sub-
17 ject to an assessment by the care coordinator of
18 an individual’s circumstance and need for such
19 benefits) in order to encourage enrollment in, or
20 to improve the effectiveness of, such program.

21 “(2) CARE COORDINATION REQUIREMENT.—

22 Notwithstanding any other provision of this title, the
23 Secretary may provide that an individual enrolled in
24 the program under this section may be entitled to
25 payment under this title for any specified health

1 care items or services only if the items or services
2 have been furnished by the care coordinator, or co-
3 ordinated through the care coordination services pro-
4 gram. Under such provision, the Secretary shall pre-
5 scribe exceptions for emergency medical services as
6 described in section 1852(d)(3), and other excep-
7 tions determined by the Secretary for the delivery of
8 timely and needed care.

9 “(e) CARE COORDINATORS.—

10 “(1) CONDITIONS OF PARTICIPATION.—In order
11 to be qualified to furnish care coordination services
12 under this section, an individual or entity shall—

13 “(A) be a health care professional or entity
14 (which may include physicians, physician group
15 practices, or other health care professionals or
16 entities the Secretary may find appropriate)
17 meeting such conditions as the Secretary may
18 specify;

19 “(B) have entered into a care coordination
20 agreement; and

21 “(C) meet such criteria as the Secretary
22 may establish (which may include experience in
23 the provision of care coordination or primary
24 care physician’s services).

25 “(2) AGREEMENT TERM; PAYMENT.—

1 “(A) DURATION AND RENEWAL.—A care
2 coordination agreement under this subsection
3 shall be for one year and may be renewed if the
4 Secretary is satisfied that the care coordinator
5 continues to meet the conditions of participa-
6 tion specified in paragraph (1).

7 “(B) PAYMENT FOR SERVICES.—The Sec-
8 retary may negotiate or otherwise establish pay-
9 ment terms and rates for services described in
10 subsection (d)(1).

11 “(C) LIABILITY.—Case coordinators shall
12 be subject to liability for actual health damages
13 which may be suffered by recipients as a result
14 of the care coordinator’s decisions, failure or
15 delay in making decisions, or other actions as
16 a care coordinator.

17 “(D) TERMS.—In addition to such other
18 terms as the Secretary may require, an agree-
19 ment under this section shall include the terms
20 specified in subparagraphs (A) through (C) of
21 section 1905(t)(3).

22 **“SEC. 2207. ADMINISTRATION AND MISCELLANEOUS.**

23 “(a) IN GENERAL.—Except as otherwise provided in
24 this title—

1 “(1) the Secretary shall enter into appropriate
2 contracts with providers of services, other health
3 care providers, carriers, and fiscal intermediaries,
4 taking into account the types of contracts used
5 under title XVIII with respect to such entities, to
6 administer the program under this title;

7 “(2) individuals enrolled under this title shall
8 be treated for purposes of title XVIII as though the
9 individual were entitled to benefits under part A and
10 enrolled under part B of such title;

11 “(3) benefits described in section 2202 that are
12 payable under this title to such individuals shall be
13 paid in a manner specified by the Secretary (taking
14 into account, and based to the greatest extent prac-
15 ticable upon, the manner in which they are provided
16 under title XVIII);

17 “(4) provider participation agreements under
18 title XVIII shall apply to enrollees and benefits
19 under this title in the same manner as they apply
20 to enrollees and benefits under title XVIII; and

21 “(5) individuals entitled to benefits under this
22 title may elect to receive such benefits under health
23 plans in a manner, specified by the Secretary, simi-
24 lar to the manner provided under part C of title
25 XVIII.

1 “(b) COORDINATION WITH MEDICAID AND SCHIP.—
2 Notwithstanding any other provision of law, individuals
3 entitled to benefits for items and services under this title
4 who also qualify for benefits under title XIX or XXI or
5 any other Federally funded program may continue to qual-
6 ify and obtain benefits under such other title or program,
7 and in such case such an individual shall elect either—

8 “(1) such other title or program to be primary
9 payor to benefits under this title, in which case no
10 benefits shall be payable under this title and the
11 monthly premium under section 2203 shall be zero;
12 or

13 “(2) benefits under this title shall be primary
14 payor to benefits provided under such program or
15 title, in which case the Secretary shall enter into
16 agreements with States as may be appropriate to
17 provide that, in the case of such individuals, the ben-
18 efits under titles XIX and XXI or such other pro-
19 gram (including reduction of cost-sharing) are pro-
20 vided on a ‘wrap-around’ basis to the benefits under
21 this title.”.

22 (b) CONFORMING AMENDMENTS TO SOCIAL SECU-
23 RITY ACT PROVISIONS.—

24 (1) Section 201(i)(1) of the Social Security Act
25 (42 U.S.C. 401(i)(1)) is amended by striking “or the

1 Federal Supplementary Medical Insurance Trust
2 Fund” and inserting “the Federal Supplementary
3 Medical Insurance Trust Fund, and the MediKids
4 Trust Fund”.

5 (2) Section 201(g)(1)(A) of such Act (42
6 U.S.C. 401(g)(1)(A)) is amended by striking “ and
7 the Federal Supplementary Medical Insurance Trust
8 Fund established by title XVIII” and inserting “,
9 the Federal Supplementary Medical Insurance Trust
10 Fund, and the MediKids Trust Fund established by
11 title XVIII”.

12 (3) Section 1853(c) of such Act (42 U.S.C.
13 1395w-23(c)) is amended—

14 (A) in paragraph (1), by striking “or (7)”
15 and inserting “, (7), or (8)”, and

16 (B) by adding at the end the following:

17 “(8) ADJUSTMENT FOR MEDIKIDS.—In apply-
18 ing this subsection with respect to individuals enti-
19 tled to benefits under title XXII, the Secretary shall
20 provide for an appropriate adjustment in the
21 Medicare+ Choice capitation rate as may be appro-
22 priate to reflect differences between the population
23 served under such title and the population under
24 parts A and B.”.

1 (c) MAINTENANCE OF MEDICAID ELIGIBILITY AND
2 BENEFITS FOR CHILDREN.—

3 (1) IN GENERAL.—In order for a State to con-
4 tinue to be eligible for payments under section
5 1903(a) of the Social Security Act (42 U.S.C.
6 1396b(a))—

7 (A) the State may not reduce standards of
8 eligibility, or benefits, provided under its State
9 medicaid plan under title XIX of the Social Se-
10 curity Act or under its State child health plan
11 under title XXI of such Act for individuals
12 under 23 years of age below such standards of
13 eligibility, and benefits, in effect on the date of
14 the enactment of this Act; and

15 (B) the State shall demonstrate to the sat-
16 isfaction of the Secretary of Health and Human
17 Services that any savings in State expenditures
18 under title XIX or XXI of the Social Security
19 Act that results from children from enrolling
20 under title XXII of such Act shall be used in
21 a manner that improves services to beneficiaries
22 under title XIX of such Act, such as through
23 increases in provider payment rates, expansion
24 of eligibility, improved nurse and nurse aide

1 staffing and improved inspections of nursing fa-
2 cilities, and coverage of additional services.

3 (2) MEDIKIDS AS PRIMARY PAYOR.—In apply-
4 ing title XIX of the Social Security Act, the
5 MediKids program under title XXII of such Act
6 shall be treated as a primary payor in cases in which
7 the election described in section 2207(b)(2) of such
8 Act, as added by subsection (a), has been made.

9 (d) EXPANSION OF MEDPAC MEMBERSHIP TO 19.—

10 (1) IN GENERAL.—Section 1805(c) of the So-
11 cial Security Act (42 U.S.C. 1395b–6(c)) is
12 amended—

13 (A) in paragraph (1), by striking “17” and
14 inserting “19”; and

15 (B) in paragraph (2)(B), by inserting “ex-
16 perts in children’s health,” after “other health
17 professionals,”.

18 (2) INITIAL TERMS OF ADDITIONAL MEM-
19 BERS.—

20 (A) IN GENERAL.—For purposes of stag-
21 gering the initial terms of members of the
22 Medicare Payment Advisory Commission under
23 section 1805(c)(3) of the Social Security Act
24 (42 U.S.C. 1395b–6(c)(3)), the initial terms of
25 the 2 additional members of the Commission

1 provided for by the amendment under sub-
2 section (a)(1) are as follows:

3 (i) One member shall be appointed for
4 1 year.

5 (ii) One member shall be appointed
6 for 2 years.

7 (B) COMMENCEMENT OF TERMS.—Such
8 terms shall begin on January 1, 2001.

9 **SEC. 3. MEDIKIDS PREMIUM.**

10 (a) GENERAL RULE.—Subchapter A of chapter 1 of
11 the Internal Revenue Code of 1986 (relating to determina-
12 tion of tax liability) is amended by adding at the end the
13 following new part:

14 **“PART VIII—MEDIKIDS PREMIUM**

“Sec. 59B. MediKids premium.

15 **“SEC. 59B. MEDIKIDS PREMIUM.**

16 “(a) IMPOSITION OF TAX.—In the case of an indi-
17 vidual to whom this section applies, there is hereby im-
18 posed (in addition to any other tax imposed by this sub-
19 title) a MediKids premium for the taxable year.

20 “(b) INDIVIDUALS SUBJECT TO PREMIUM.—

21 “(1) IN GENERAL.—This section shall apply to
22 an individual if the taxpayer has a MediKid at any
23 time during the taxable year.

1 “(2) MEDIKID.—For purposes of this section,
2 the term ‘MediKid’ means, with respect to a tax-
3 payer, any individual with respect to whom the tax-
4 payer is required to pay a premium under section
5 2203(c) of the Social Security Act for any month of
6 the taxable year.

7 “(c) AMOUNT OF PREMIUM.—For purposes of this
8 section, the MediKids premium for a taxable year is the
9 sum of the monthly premiums under section 2203 of the
10 Social Security Act for months in the taxable year.

11 “(d) EXCEPTIONS BASED ON ADJUSTED GROSS IN-
12 COME.—

13 “(1) EXEMPTION FOR VERY LOW-INCOME TAX-
14 PAYERS.—

15 “(A) IN GENERAL.—No premium shall be
16 imposed by this section on any taxpayer having
17 an adjusted gross income not in excess of the
18 exemption amount.

19 “(B) EXEMPTION AMOUNT.—For purposes
20 of this paragraph, the exemption amount is—

21 “(i) \$16,300 in the case of a taxpayer
22 having 1 MediKid,

23 “(ii) \$19,950 in the case of a tax-
24 payer having 2 MediKids,

1 “(iii) \$25,550 in the case of a tax-
2 payer having 3 MediKids, and

3 “(iv) \$30,150 in the case of a tax-
4 payer having 4 or more MediKids.

5 “(C) PHASEOUT OF EXEMPTION.—In the
6 case of a taxpayer having an adjusted gross in-
7 come which exceeds the exemption amount but
8 does not exceed twice the exemption amount,
9 the premium shall be the amount which bears
10 the same ratio to the premium which would
11 (but for this subparagraph) apply to the tax-
12 payer as such excess bears to the exemption
13 amount.

14 “(D) INFLATION ADJUSTMENT OF EXEMP-
15 TION AMOUNTS.—In the case of any taxable
16 year beginning in a calendar year after 2001,
17 each dollar amount contained in subparagraph
18 (C) shall be increased by an amount equal to
19 the product of—

20 “(i) such dollar amount, and

21 “(ii) the cost-of-living adjustment de-
22 termined under section 1(f)(3) for the cal-
23 endar year in which the taxable year be-
24 gins, determined by substituting ‘calendar

1 year 1999' for 'calendar year 1992' in sub-
2 paragraph (B) thereof.

3 If any increase determined under the preceding
4 sentence is not a multiple of \$50, such increase
5 shall be rounded to the nearest multiple of \$50.

6 “(2) PREMIUM LIMITED TO 5 PERCENT OF AD-
7 JUSTED GROSS INCOME.—In no event shall any tax-
8 payer be required to pay a premium under this sec-
9 tion in excess of an amount equal to 5 percent of the
10 taxpayer's adjusted gross income.

11 “(e) COORDINATION WITH OTHER PROVISIONS.—

12 “(1) NOT TREATED AS MEDICAL EXPENSE.—
13 For purposes of this chapter, any premium paid
14 under this section shall not be treated as expense for
15 medical care.

16 “(2) NOT TREATED AS TAX FOR CERTAIN PUR-
17 POSES.—The premium paid under this section shall
18 not be treated as a tax imposed by this chapter for
19 purposes of determining—

20 “(A) the amount of any credit allowable
21 under this chapter, or

22 “(B) the amount of the minimum tax im-
23 posed by section 55.

24 “(3) TREATMENT UNDER SUBTITLE F.—For
25 purposes of subtitle F, the premium paid under this

1 section shall be treated as if it were a tax imposed
2 by section 1.”.

3 (b) TECHNICAL AMENDMENTS.—

4 (1) Subsection (a) of section 6012 of such Code
5 is amended by inserting after paragraph (9) the fol-
6 lowing new paragraph:

7 “(10) Every individual liable for a premium
8 under section 59B.”.

9 (2) The table of parts for subchapter A of chap-
10 ter 1 of such Code is amended by adding at the end
11 the following new item:

“Part VIII. MediKids premium.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to months beginning after Decem-
14 ber 2001, in taxable years ending after such date.

15 **SEC. 4. REFUNDABLE CREDIT FOR COST-SHARING EX-**
16 **PENSES UNDER MEDIKIDS PROGRAM.**

17 (a) IN GENERAL.—Subpart C of part IV of sub-
18 chapter A of chapter 1 of the Internal Revenue Code of
19 1986 (relating to refundable credits) is amended by redes-
20 ignating section 35 as section 36 and by inserting after
21 section 34 the following new section:

22 **“SEC. 35. COST-SHARING EXPENSES UNDER MEDIKIDS PRO-**
23 **GRAM.**

24 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
25 dividual who has a MediKid (as defined in section 59B)

1 at any time during the taxable year, there shall be allowed
2 as a credit against the tax imposed by this subtitle an
3 amount equal to 50 percent of the amount paid by the
4 taxpayer during the taxable year as cost-sharing under
5 section 2202(b)(4) of the Social Security Act.

6 “(b) LIMITATION BASED ON ADJUSTED GROSS IN-
7 COME.—The amount of the credit which would (but for
8 this subsection) be allowed under this section for the tax-
9 able year shall be reduced (but not below zero) by an
10 amount which bears the same ratio to such amount of
11 credit as the excess of the taxpayer’s adjusted gross in-
12 come for such taxable year over the exemption amount (as
13 defined in section 59B(d)) bears to such exemption
14 amount.”.

15 (b) TECHNICAL AMENDMENTS.—

16 (1) Paragraph (2) of section 1324(b) of title
17 31, United States Code, is amended by inserting be-
18 fore the period “or from section 35 of such Code”.

19 (2) The table of sections for subpart C of part
20 IV of subchapter A of chapter 1 of such Code is
21 amended by striking the last item and inserting the
22 following new items:

“Sec. 35. Cost-sharing expenses under MediKids program.
“Sec. 36. Overpayments of tax.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2001.

4 **SEC. 5. FINANCING FROM TOBACCO LIABILITY PAYMENTS.**

5 Amounts that are recovered by the United States in
6 the civil action brought on September 22, 1999, under the
7 Medical Care Recovery Act, the Medicare Secondary Payer
8 provisions, and section 1962 of title 18, United States
9 Code, in the United States District Court for the District
10 of Columbia against the industry engaged in the produc-
11 tion and sale of tobacco products and persons engaged in
12 public relations and lobbying for such industry and that
13 are attributable to the expenditures of the Department of
14 Health and Human Services for tobacco-related illnesses
15 shall be deposited in the MediKids Trust Fund established
16 under section 2204(a) of the Social Security Act, as added
17 by section 2(a) of the MediKids Health Insurance Act of
18 2000.

19 **SEC. 6. REPORT ON LONG-TERM REVENUES.**

20 Within one year after the date of the enactment of
21 this Act, the Secretary of the Treasury shall propose a
22 gradual schedule of progressive tax changes to fund the
23 program under title XXII of the Social Security Act, as
24 the number of enrollees grows in the out-years.